

CENTRAL VALLEY FLOOD PROTECTION BOARD
MAY 16, 2008
STAFF REPORT
INTERAGENCY AGREEMENT
CONSENT CALENDAR

REQUEST:

Staff proposes to renew the Interagency Agreement between the Board and State Lands Commission (SLC) to provide audit, engineering, and administrative services in connection with the Board's oil and gas leases.

TERMS:

The agreement is for a two-year period beginning July 1, 2008 through June 30, 2010. The contract amount is not to exceed \$40,000. A copy of the proposed Agreement is attached.

JUSTIFICATION:

The Board's oil and gas leases are located in Northern California and consist of 14 gas leases totaling 3,443 acres. The leases range in size from 6 acres to 1,272 acres. The review, audit, and inspection services provided by SLC under the Agreement are a cost-effective means for oversight of the Board's leases. Department of Water Resources and Board staff lacks the experience and expertise for office review of lease proposals and field inspection of the lease operations. SLC has been providing these services to the Board for over 20 years.

The Oil and Gas Inspector will expend approximately 20 hours per month performing field examinations with accompanying photographic documentation and reports to ensure CVFPB wells are being operated in a safe and workmanlike manner and in accordance with applicable codes and laws. The inspector monitors oil and gas operations proximate to CVFPB lands to prevent trespass. The 2007 annual report compiled by the Inspector is being finalized by SLC as of this writing.

The Associate Mineral Resources Engineer will expend approximately 120 hours for the fiscal year performing analysis with written recommendations on lease proposals for CVFPB lands and review of oil and gas literature to prevent trespass and drainage issues onto CVFPB lands.

The Board's Property Manager observed the lease sites on May 6, 2008.

RECOMMENDATION:

Staff recommends approval of Resolution No. 08-07 to approve the Interagency Agreement with the State Lands Commission and also recommends that authority be delegated to the Executive Officer to execute the Agreement.

ATTACHMENTS:

Resolution 08-07

Copy of proposed Agreement

STATE OF CALIFORNIA
THE RESOURCES AGENCY
THE CENTRAL VALLEY FLOOD PROTECTION BOARD

RESOLUTION NO. 08-07

AUTHORIZES EXECUTION OF
AN INTERAGENCY AGREEMENT WITH
THE STATE LANDS COMMISSION

WHEREAS, Department of Water Resources staff recommends that the Central Valley Flood Protection Board execute an Interagency Agreement with the State Lands Commission which will provide auditing, administrative, and engineering services for the Board's oil and gas leases for the period of two years from July 1, 2008 to June 30, 2010; and

WHEREAS, the maximum amount payable under the Interagency Agreement shall not exceed \$40,000 (\$20,000 per year); and

WHEREAS, the Board considers execution of the Interagency Agreement to be in the best interest of the State.

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves said Interagency Agreement and authorizes the Executive Officer of the Board to execute said Interagency Agreement in its name.

Date:

THE CENTRAL VALLEY FLOOD
PROTECTION BOARD OF THE
STATE OF CALIFORNIA

by _____
Benjamin F. Carter, President

by _____
Maureen Doherty, Secretary

Approved as to Legal Form
and Sufficiency

By _____
Nancy Finch, Staff Counsel

STATE OF CALIFORNIA
STANDARD AGREEMENT
STD 213 (Rev 06/03)

AGREEMENT NUMBER

4600008081

REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

Central Valley Flood Protection Board

CONTRACTOR'S NAME

State Lands Commission

2. The term of this Agreement is: July 1, 2008 through June 30, 2010
This Agreement shall not become effective until approved by the Department of Water Resources
3. The maximum amount of this Agreement is: \$40,000
Forty Thousand Dollars and No Cents

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work	1 page
Exhibit B – Budget Detail and Payment Provisions	1 page
Attachment 1 – Cost Breakdown	1 page
Exhibit C* – General Terms and Conditions	GIA 101
Exhibit D – Special Terms and Conditions for DWR (Interagency Agreements) (DWR 9547 (New 12/03)	2 pages
Exhibit E – Additional Provisions	1 page
Attachment I – Standard Contract Provisions Regarding Political Reform Act Compliance	2 pages

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto.
These documents can be viewed at www.ols.dgs.ca.gov/Standard+Language

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

BY (Authorized Signature)

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

David W. Brown, Chief, Administration

ADDRESS

100 Howe Avenue, Suite 100 South, Sacramento, California 95825

STATE OF CALIFORNIA

AGENCY NAME

Central Valley Flood Protection Board

BY (Authorized Signature)

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Jay Punia, Executive Officer, Central Valley Flood Protection Board

ADDRESS

3310 El Camino Avenue, LL40, Sacramento, California 95821

California Department of General
Services Use Only

☒ Exempt per: SCM 4.04.5.a

SCOPE OF WORK

- A. The State Lands Commission, upon written notice from the Central Valley Flood Protection Board (Board), shall perform the following services for all of the Board's active gas and oil leases:
1. Inspect leases and check field operations.
 2. Verify the total land sales of oil, gas, and gasoline.
 3. Compute royalties due the Board in accordance with lease terms.
 4. Prepare and furnish quarterly statements of royalties receivable.
 5. Furnish a comparison of differences between amounts due and amount paid by Lessee and its operators.
 6. Analyze production trends.
 7. Determine if Lessee is in compliance with lease provisions.
- B. On the Board's lands that have oil and gas potential, provide all engineering and geologic services necessary to:
1. Observe and analyze related drilling activities.
 2. Review proposed leasing and development programs proposed by the Board.
- C. Continue to review existing lease terms and recommend revisions to the lease form as needed.
- D. Conduct geologic studies as required on the Board's leases in the Rio Vista area. Provide data, such as well histories, surveys, logs, production records, and test data if available under the terms of existing leases.
- E. The Board's coordinator for this agreement shall be Olivia Guebara (916) 653-0996. The Board's coordinator may be changed by written notice to the Commission.

SLC Project Manager

Mr. Paul Mount, Chief
Mineral Resources Management
Division
State Lands Commission
200 Oceangate, 12th Floor
Long Beach, CA 90802
(562) 590-5201

Board Program Manager

Mr. George Qualley
Central Valley Flood Protection
Board
Division of Flood Management
3310 El Camino Avenue, Room 145
Sacramento, CA 95821
(916) 574-0384

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

- I. **INVOICING AND PAYMENT:** Contractor shall submit three (3) copies of the invoice to the State only after receiving **verbal** notice of satisfactory completion or acceptance of work by the DWR Contract Manager. **The State will not accept an invoice for which work has not been approved and will return the invoice as a disputed invoice to the Contractor.**

Invoices shall be submitted **monthly**, in arrears, bearing the contract number.

Submit two (2) copies of each invoice to the Contract Manager at the following address:

**George Qualley
Division of Flood Management
Department of Water Resources
3310 El Camino Avenue, Room 145
Sacramento, CA 95821**

Submit one (1) additional copy of each invoice simultaneously to the DWR Accounting Office at the following address in order to expedite approval and payment:

DWR Accounting Office, Contracts Payable Unit
P.O. Box 942836
Sacramento, California 94236-0001

Undisputed invoices shall be approved for payment within 45 days of the date received by the Contract Manager and/or the Accounting Office, whichever date occurs later.

- II. **BUDGET CONTINGENCY CLAUSE:** It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either: cancel this Agreement with no liability occurring to the State, or offer an Agreement Amendment to Contractor to reflect the reduced amount.

COST BREAKDOWN

LABOR RATES

Hourly:	\$164.04	<u>Administrative review</u> of oil and gas lease proposals. Sets royalty rate, maintenance procedures and geologic review.
	\$ 91.77	<u>Field inspector</u> verifies lease production and illegal trespassing of well sites.

Labor rates may be modified without amendment based on changes in the "Department of Personnel Administration Pay Scales." The agency performing services will provide a new budget or rate schedule immediately upon notice of change.

**EXHIBIT D - Special Terms and Conditions for
Department of Water Resources
(Interagency Agreements)**

1. **TERMINATION CLAUSE:** Either State agency may terminate this Agreement upon thirty (30) days' advance written notice. The State agency providing the services shall be reimbursed for all reasonable expenses incurred up to the date of termination.
2. **COMPUTER SOFTWARE:** For contracts in which software usage is an essential element of performance under this Agreement, the Contractor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this contract for the acquisition, operation or maintenance of computer software in violation of copyright laws.
3. **SEVERABILITY:** If any provision of this Agreement is held invalid or unenforceable by any court of final jurisdiction, it is the intent of the parties that all other provisions of this Agreement be constructed to remain fully valid, enforceable, and binding on the parties.
4. **CONFLICT OF INTEREST:**
 - a. **Current and Former State Employees:** Contractor should be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.
 - (1) **Current State Employees:** (PCC §10410)
 - (a) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
 - (b) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.
 - (2) **Former State Employees:** (PCC §10411)
 - (a) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
 - (b) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

b. Penalty for Violation:

- (a) If the Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (PCC §10420)

c. Members of Boards and Commissions:

- (a) Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC §10430 (e))

d. Representational Conflicts of Interest:

The Contractor must disclose to the DWR Program Manager any activities by contractor or subcontractor personnel involving representation of parties, or provision of consultation services to parties, who are adversarial to DWR. DWR may immediately terminate this contract if the contractor fails to disclose the information required by this section. DWR may immediately terminate this contract if any conflicts of interest cannot be reconciled with the performance of services under this contract.

e. Financial Interest in Contracts:

Contractor should also be aware of the following provisions of Government Code §1090:

"Members of the Legislature, state, county district, judicial district, and city officers or employees shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. Nor shall state, county, district, judicial district, and city officers or employees be purchasers at any sale or vendors at any purchase made by them in their official capacity."

f. Prohibition for Consulting Services Contracts:

For consulting services contracts (see PCC §10335.5), the Contractor and any subcontractors (except for subcontractors who provide services amounting to 10 percent or less of the contract price) may not submit a bid/SOQ, or be awarded a contract, for the provision of services, procurement of goods or supplies or any other related action which is required, suggested, or otherwise deemed appropriate in the end product of such a consulting services contract (see PCC §10365.5).

ADDITIONAL PROVISIONS

1. POLITICAL REFORM ACT: Contractor shall comply with the language stated in the Standard Contract Provisions Concerning the Political Reform Act, Attachment 1. Contractor shall file a Statement of Economic Interests (Fair Political Practices Commission Form 700) upon assuming office, annually, and within 30 days after leaving office.

California Department of Water Resources

**Standard Contract Provisions Regarding
Political Reform Act Compliance**

1. POLITICAL REFORM ACT REQUIREMENTS:

- a. Form 700 Disclosure: The Department of Water Resources (Department) considers that the Contractor, subcontractor(s), and/or their key staff may be a consultant, i.e., a public official, within the meaning of the Political Reform Act, specifically Government Code §82048 and Title 2, California Code of Regulations §18701. Accordingly, as specified by the Department, such persons shall complete and submit to the Department's Personnel Officer a Form 700, Statement of Economic Interests, within 30 days of the earlier of the date work commences or the effective date of this agreement, updated both annually and when changes in key staff or duties occur. The financial interests disclosed shall be for Disclosure Category 1. Contractors may access the Form 700 on the Fair Political Practices Commission website at www.fppc.ca.gov. Any questions regarding completion of the Form 700 should be addressed to the FPPC at its website or at (866) 275-3772 (866/ASK-FPPC). A leaving office statement must also be filed upon completion of all contract assignments.
- b. Financial Conflict of Interest Prohibition: Contractor must review the Form 700s filed by its key staff and subcontractors and determine whether, in the light of the interests disclosed, performance under the contract could violate Government Code §87100. Contractor shall notify the Department immediately of any potentially disqualifying conflict of interest. Government Code §87100 provides:

"No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest."
- c. Consequences of Failure to Comply with Political Reform Act Requirements: Any one of the following shall constitute a breach of this Contract and shall be grounds for immediate termination of this Contract:

- (1) Failure to complete and submit all required Form 700s within the 30-day period as required in paragraph A above, or respond to any request from the Department's Personnel Officer for additional information regarding any such Form 700s;
- (2) Failure to notify the Department of a potentially disqualifying conflict of interest;
- (3) The determination by the Department or the Contractor that any individual, who is a contractor, subcontractor, and/or a key member of their staff, has a financial interest that could result in a violation of Government Code §87100 provided, however, that the Department may opt to waive such breach if Contractor replaces any such individual within two working days after a determination.